

# Finding a balance

**PATRICK ALEXANDER, ERIN J. BERNARD, ERIN DIETRICH and JEREMY C. RUARK | Posted: Tuesday, August 16, 2011 9:00 pm**

*Editor's Note: The following story is a special project by reporters from The News Guard, Tillamook Headlight-Herald, North Coast Citizen in Manzanita, Seaside Signal and Cannon Beach Gazette. It is a collaboration by Country Media, Inc., editorial staff to address the topic of Vacation Rental Dwellings and how different coastal cities handle the challenges of this often contentious issue.*

For many visitors to the Oregon Coast, renting a vacation home is the most convenient way to enjoy a break at the beach, keeping costs to a minimum while allowing families and friends to stay together in a private and homelike setting.

And, for more than 20 years, the question of how to balance the demand for vacation rentals against permanent residents' desires for peace and quiet has posed challenges for communities from Depoe Bay to Seaside.

From town to town, the issues surrounding short-term rentals, also known as vacation rental dwellings (VRDs) have been the same.

On the one hand, property owners and rental companies stress the economic benefits of vacation rentals that bring visitors to town while also delivering transient room tax into city and county coffers.

On the other, some neighbors say a proliferation of VRDs has destroyed their neighborhoods, while some hotel owners say they are struggling to compete with the low-cost competition.

Solutions have varied along the Coast - from restricting vacation rentals to certain areas, to installing a cap on the number of VRDs to imposing regulations aimed at lessening negative



## Visiting the coast

Visitors scour the beach for sandy treasures. This week, The News Guard and its sister papers up the coast take a look at vacation rental dwellings and how different coastal communities handle the popular lodging option.

impacts on neighbors.

One of the first cities to restrict the placement of vacation rentals was Manzanita, a community of about 600 residents located just north of Nehalem Bay in Tillamook County.

In 1994, Manzanita City Council tackled the issue of vacation rental regulations, a topic that Mayor Garry Bullard described as "highly controversial."

The resulting regulations, adopted in 1996, specify that while vacation rentals are allowed in all parts of the city, certain residential areas are subject to a cap, limiting rental density to 17.5 percent.

When a property owner applies for a vacation rental permit in an area that is already saturated, they are put on a waiting list until a permit becomes available.

Bullard has said the system has allowed Manzanita to retain its small-town feel while creating economic opportunities for those serving the vacation rental market.

"Manzanita has a small commercial area," he said, "and has chosen to allow and regulate short-term rentals in lieu of providing more land for large hotels. In doing so, we feel we have encouraged families to visit while maintaining the character of our community."

At about the same time, 80 miles south in Lincoln County, the city of Depoe Bay, population 1,400, came up with a different solution.

City Recorder Pery Murray said that, in 1996, after years of complaints from residents, city councilors decided to ban vacation rentals from residential areas altogether - giving existing rentals four years to wind down their operations.

Now, the City allows VRDs in its commercial zones as well as in a small oceanfront enclave of 12 houses that went through a special rezoning process to allow limited commercial use.

Murray said the restrictions appeared to solve the problem, with the issue having since disappeared from public view.

A similar system is in place in the city of Garibaldi, a town of some 800 people on the north shore of Tillamook Bay.

City Manager John O'Leary said prohibiting vacation rentals from residential zones has allowed the town to protect permanent residents without jeopardizing too much in transient room tax revenues.

"We get a lot more tax out of a hotel or RV park than a vacation rental," he said, "so we don't necessarily discourage them, but our land use doesn't allow them in residential areas for a reason. It generates a lot of traffic, annoys the neighbors. People generally and usually don't like living next to vacation rentals."

Meanwhile, further north, in Clatsop County, the city of Seaside has taken the opposite approach.

Rather than ban vacation rentals from all residential areas, the community of roughly 6,500 people has carved out specific neighborhoods that are to remain VRD-free.

"Where there are specific workforce homes, people living and working in the area, we draw a line and do not permit the vacation rentals," City Planner Glen Taylor said. "We are going to keep the livability up and protect people that live and work in that neighborhood."

So far, Seaside has two such areas, both located on the east side of town.

Elsewhere in town, the City tackles vacation rental clusters by requiring a planning commission review of any application to operate a VRD in a house where more than 20 percent of the properties within 100 feet are already used as short-term rentals.

Lynn Brigham of Windermere Real Estate in Gearhart said that while some people cause problems by failing to follow the rules, VRDs in general offer convenience for people looking for a place to bring large families.

"They don't have to rent a hotel room and they can bring their family to a house where they have more room and can do their own cooking," he said. "It's very economical, and the homes are a real draw."

Seaside Police Chief Bob Gross said those larger groups can cause problems, particularly when town fills up for an event such as the Hood to Coast Relay and parking is at a premium.

"People that rent the homes try to get the best bang for their buck," Gross said. "So they see how many people they can bring in to lower their cost of the rental."

About 10 miles south of family-friendly Seaside, vacation rentals have also proved a struggle for Cannon Beach, the 1,700-strong community that has long marketed itself as the upscale destination of the Oregon Coast.

City Planner Rainmar Bartl said the city council most recently altered its vacation rental configuration in 2004 after fielding complaints that vacation rentals were eroding the

residential nature of the town's neighborhoods.

Rather than phase out vacation rentals entirely, the council decided to cap the number of transient rental permits at the existing number of 92.

Anyone applying for one of the permits, which allow five years of unlimited rental, goes onto a waiting list.

That list is currently about 100 deep, with each property owner waiting for an existing permit to expire or for a rental property to change hands, leaving the permit up for grabs.

In order to compensate for cutting off the supply of transient rental permits, the City created a new type of permit aimed at people who wanted to rent their homes occasionally. The new vacation rental permit allows a property owner to rent to one group during any two-week period.

Bartl said the ordinance was intended as a compromise but attracted opposition almost straight away.

Shortly after the ordinance was passed, opponents opted to put it to a public vote, where it was upheld by a slim margin.

Linda Beck-Sweeney, owner of Cannon Beach Vacation Rentals, which manages properties with both types of permit, says property owners have pretty clear views about the regulations.

"They hate them," she said. "And everybody's anxious to get a piece of that lottery."

Beck-Sweeny said restricting some properties to renting to just one group every two weeks leads to properties sitting empty for large chunks of the summer because many visitors cannot afford a two-week stay.

"If we were able to rent properties out one time in a week ... clean and simple, that would be perfect," Beck-Sweeney said. "We never said there shouldn't be regulations. We were supportive of the ordinance, but not of an ordinance that beats us over the head."

Tami Florer, owner of Cannon Beach Property Management, said loosening the rules could also boost the City's bottom line by bringing in more transient room tax.

"A little more give might produce a little more income," she said.

Cannon Beach Police Chief Gene Halliburton said the City rarely sees problems with VRDs managed by professional rental companies but does have occasional problems with out-of-

town owners who either ignore the 14-day rule or rent properties without any kind of permit at all.

Across the county line in Tillamook County, renting without a permit was legal until recently in unincorporated communities such as Pacific City, Oceanside and Neskowin.

That changed in 2010 with an ordinance enacted by the Tillamook County Board of Commissioners, which came in response to complaints about noise, garbage and parking issues at vacation rental homes in Neahkahnie, just north of Manzanita.

Early drafts of the ordinance proposed restricting the number of days that VRDs could be rented, a provision that was removed after opposition from rental operators.

One of those operators was Doug Coates, owner of two VRDs on the Tillamook County coast, who said the regulations were a solution looking for a problem.

"Tillamook County is not Daytona Beach or even Cannon Beach," he said at the time. "While there might be an occasional problem with a guest, this is very rare in our county."

Commissioners eventually adopted an ordinance that imposed quiet hours and garbage removal regulations as well as rules governing maximum occupancy and parking, with the caveat that the issue be revisited after five years.

During the Tillamook County debate, Coates founded the Oregon Association of Vacation Rental Owners, a group that is now active in the ongoing debate about VRD regulations in Lincoln City, where there is currently no limit on the number or location of vacation rentals.

The group and its local partner organization, the Lincoln City Vacation Home Association, (LCVHA) have urged Lincoln City Council not to limit the placement of VRDs in the city's residential zones.

Lincoln City's VRD ordinance has undergone two major revisions since 2007, imposing standards for parking and landscaping as well as requiring that every vacation rental have a local representative to deal with any problems.

A proposal to limit the placement of VRDs on a density-based system similar to those used in Seaside and Manzanita was dropped in 2009 after being criticized by both sides as overly complex.

The question of whether the 8,000-strong community should embark on a third round of changes became a central issue in the 2010 mayoral race between incumbent Lori

Hollingsworth and challenger Dick Anderson.

While Hollingsworth said she would like to give the recent changes time to bed in, Anderson signaled that, if elected, he would push for a fundamental review of VRD regulations.

While a city councilor, Anderson proposed eliminating VRDs from all single-family residential neighborhoods, a move that made him a champion for residents frustrated by two rounds of ordinance amendments that they say failed to tackle the root of the problem.

Local hotel owner Kip Ward, a former Hollingsworth supporter, threw his weight behind Anderson in the election, saying low-cost vacation rentals are presenting unfair competition to the community's hotels and motels.

"In the Darwinian pool of economics, VRDs are perfect predators," he wrote. "Low initial capitalization and no profit requirements allow them to multiply quickly. Rock bottom pricing keeps the customers coming, and their chameleon-like character allows them to easily slip through regulatory cracks. But at what price to the community?"

After Anderson's decisive victory, the city council backed his proposal that the City hire an outside conflict resolution expert to help the community reach a consensus about how to deal with vacation rentals.

As the community prepares for that process, the LCVHA has embarked on a public relations campaign, placing ads in local media to underline the economic benefits of vacation rentals.

The group has said that the City's existing VRD rules are too restrictive, holding vacation rentals to a higher standard than non-rental homes and working against the City's efforts to attract tourists to the area.

In an open letter to Anderson, LCVHA President Greg Spehar said his group will take an active role to prevent further regulation of vacation rentals.

"The impact of ordinance changes that negatively impact VRDs can no longer be absorbed into this community," he wrote. "Real people depend on occasionally renting their home just to hold onto their properties. Many citizens depend on VRDs to keep their jobs."

### **VRD density**

Cannon Beach, 1 in 7\*

Rockaway Beach, 1 in 10

Seaside, 1 in 14

Lincoln City, 1 in 17

Depoe Bay, 1 in 19

Garibaldi, 1 in 58

\* Dwellings that are registered VRDs. In Cannon Beach, 1 in 12 dwellings is a transient rental, allowing unlimited rental use while 1 in 15 dwellings is a vacation rental and subject to the 14-day rental rule.